

Message Text

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21

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 FEA-02 DRC-01 AGR-20 CEA-02

CIAE-00 COME-00 DODE-00 FRB-03 H-03 INR-11 INT-08

L-03 LAB-06 NSAE-00 NSC-07 PA-04 RSC-01 AID-20

CIEP-03 SS-20 STR-08 TAR-02 TRSE-00 USIA-15 PRS-01

SP-03 OMB-01 SWF-02 /183 W
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R 051303Z SEP 74

FM AMEMBASSY BUDAPEST

TO SECSTATE WASHDC 1912

C O N F I D E N T I A L BUDAPEST 2452

E.O. 11652: GDS

TAGS: BEXP, ETRD, HU

SUBJECTWP MFN AND GATT

1. DURING CALL BY CODEL RYAN AND AMBASSADOR, UNDERSECRETARY NAGY STRESSED DURING DISCUSSION OF MFN THAT WHEN NEGOTIATIONS CAME ABOUT GOH WOULD INSIST ON FULL MAINTENANCE ITS RIGHTS UNDER GATT. ASPECTS IN ADDITION TO GATT PROVISIONS OR WHICH WERE NOT COVERED BY GATT COULD BE INCLUDED IN AGREEMENT, BUT NOT SOMETHING THAT GAVE THEM LESS THAN THEY WERE ENTITLED TO BY THEIR GATT MEMBERSHIP.

2. FOREIGN TRADE MINISTER BIRO MADE SAME GENERAL POINT TO SECY DENT LAST YEAR, AND DEPUTY PM HUSZAR ALSO POINTEDLY REFERRED TO THEIR GATT POSITION IN CONVERSATION WITH ZARB (OMB) THIS SPRING.

3. IT IS CLEAR THAT THERE IS A CONCERTED GOH POLICY ON THE POINT. WHAT THE DETAILS OF THIS POLICY MAY BE WE DO NOT KNOW. PROVISIONS WE WILL PRESUMABLY WANT FOR BUSINESS REPRESENTATION WOULD POSE NO ISSUE. POSSIBLY MARKET DISRUPTION CLAUSE WOULD. ON OTHER ELEMENTS THEY COULD
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HAVE IN MIND WE WOULD APPRECIATE DEPT'S COMMENTS.

4. ASSUMING THERE IS A PROBLEM, WHICH GOH APPROACH IMPLIES TO BE THE CASE, WE BELIEVE THAT WE NEED TO START BUILDING SOME VERBAL BACKFIRE AGAINST THEIR APPROACH. IF DEPT COULD PROVIDE US AGAIN WITH MAIN ELEMENTS WE WILL WANT IN AGREEMENT (AND INDICATE WHICH OF THEM GOH MIGHT HAVE IN MIND ON BASIS THEIR GATT PRIVILEGES) WE WOULD START DROPPING THEM INTO SUCH CONVERSATIONS.

5. USEFUL APPROACH WOULD BE ALONG LINES OF: QUOTE OF COURSE OBJECT OF MFN AND AGREEMENT WOULD BE TO BRING US INTO NORMAL GATT RELATIONS. IN DOING THIS WE WOULD NEED PROVISIONS IN AGREEMENT THAT TAKE INTO ACCOUNT DIFFERENCES IN ECONOMICS, SUCH AS PROVISION ON BUSINESS REPRESENTATION, MARKDET DESCRIPTION CLAUSE (WHATEVER ELSE SHOULD BE INCLUDED) UNQUOTE. WE DO NOT NEED TO GO INTO DETAIL BUT ONLY TO KEEP ADVISING THEM OF THE KEY ELEMENTS WE WILL WANT TO SEE IN AN AGREEMENT.
PEDERSEN

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